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Business Plan for RESTCARD—
The implementation of an innovative concept in Portugal

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1. Executive Summary

This business plan revolves on the implementation of an innovative business model currently absent in Portugal.

The concept is based on the selling of membership cards that provides customers the opportunity to have discounts on meals ranging from 20% to 40% on the partner restaurants. With the economics pushing away people from the restaurants, this concept aims to reconnect both fronts. To that end, the management team intends to create two distinct value proposals: while customers benefit from discounts on the targeted middle-upper restaurants, establishments are able to generate additional traffic without having to incur in upfront advertising and also without having to increase fixed costs.

The idea emerged during an internship in the summer of 2013 in Brazil where a similar concept has been successfully implemented by the company named ChefsClub. Although the concept resembles to the one exploited by them, minor refinements were developed in order to adapt to the Portuguese standards and market.

The management team has the following major objectives:

- Bring closer love-eaters to the restaurants by making it more affordable;
- Prove that is possible to break-even during the first year (~10th month);
- Subscribe over than 39k of users and explore the business model in at least 6 cities during the initial four year of activity.

RESCARD's concept is targeting customers from two different age groups: 18-25 years old - those that without having the membership card would not be able to experience the middle-upper partner restaurants; and 25-40 years old – people that perceive eating out as a form of social interaction and that will benefit from the services by having the opportunity to do it more frequently.

In the initial year of activity, RESCARD is focusing on Lisbon as the ideal city to launch the business model. In a later phase, other cities will be targeted but primacy will be given to those that obey to three rules of thumb: populated, display a high ratio towards the target customers' age group; above average GDP per capita. However, fixed costs are not required in the expansion plans and therefore the higher the number of restaurants achieved as partners, the wider is the market potential to be explored.

The business model economics is characterized by four elements: (1) Three revenues streams; (2) High gross margin; (3) Flexible fixed costs and (4) Low investment cost. The major risk that jeopardizes the venture is the non-approval of the concept by the restaurants. Although not mitigated, the entry strategy of having 50 restaurants as partners before launching the company enables to avoid incurring in investment expenses in the event of this negative scenario.

The RESCARD team is the result combination of young people and a more experienced management team. The ambition to thrive in the market by the former coupled with the expertise by the latter endows a team full of potential to pursue this opportunity and to be successful on the implementation of this business plan.

2. Introduction

During July and August of 2013, I had the opportunity to experience my first abroad professional internship. ChefsClub was also the first company where I had contact with a start-up world business. These 2 month period were a successful and enriching experience in a way I share great enthusiasm with business area which I would like to pursue.

ChefsClub was founded two years ago by an international team that gathers entrepreneurs from different backgrounds. The company is based in Rio de Janeiro and operates solely in Brazilian cities.

ChefsClub's main service is to foster customers to eat out more frequently through the purpose of making it more affordable. This concept is materialized in an e-business model which allows customers to purchase a membership card on the company's website. Through the membership card, they are able to offer ongoing discounts from 30% to 50% to customers on meals in the partner restaurants. This service can be used limitless.

ChefsClub has currently 500 affiliated middle-upper restaurants and it is growing at a fast pace.

From the restaurants' perspective, it is important to state that discounts are only offered on starters and main courses, whereas desserts and beverages, which accounts for their biggest gross margin profit, are kept aside from the discount. Therefore, with this partnership, establishments are able to generate additional traffic thus fulfilling the empty spots when tables are less crowded without having to incur in additional advertising.

During the internship, I acted as a financial adviser which allowed me to get involved in every department in the company. This way, I was able to withdraw the major key value drivers of the business model hence acquiring an in-depth knowledge of it. This inside expertise, coupled with my belief on the feasibility and sustainability of a similar concept in Portugal, is what led me to develop a more thorough business plan.

Although the ultimate concept is identical to the one implemented by ChefsClub, this business model is adapted to the Portuguese market as one should bear in mind the respective different mindset.

3. Company and Concept

3.1. Company

RESCARD is an e-commerce company that provides a service to its customers. Initially, RESCARD will focus its operations in the Portuguese market where it aims to be an innovative venture that must acknowledge its own market specificities to succeed. A similar concept has been working successfully in the UK, tastecard.co.uk, for the past seven years and, more recently, in Brazil, through ChefsClub.com.br.

As any e-commerce start-up, the company's name is of utmost importance. The first impression is a very critical initial step and one should bear in mind that the company's website is the brand and the face of the company and a confuse or misleading name can immediately prompt a non-approval

reaction from potential customers. Therefore, and despite the company's real name is still undefined, for the purpose of elaborating this business plan, RESTCARD was chosen as the name of the company. In order to meet marketing wise standards, it followed these guidelines¹:

- 1) **Short** - two/three syllables;
- 2) **Catchy** – easy to memorize;
- 3) **Obvious spelling** – no ambiguous interpretations;
- 4) **Young and dynamic** – potential customers are young and tech savvy;
- 5) **SEO friendly** – should be innovative and not too similar to those that already exist in the market.

3.2. Concept

RESTCARD concept bases on the selling of memberships cards that enables customers to have access to discounts in the partner restaurants. In this sense, RESTCARD aims to create a mutual rewarding relationship by connecting customers to an exclusive collection of restaurants.

The concept will be materialized through a metallic card which is purchased in the company website and that grants the owner access to discounts ranging from 20% to 40% on meals in the targeted middle-upper restaurants affiliated.

Once presented the membership card in the restaurant, it guarantees that at least the owner of the card and other person can have access to the referred discounts. Nonetheless, one card can provide a higher number of people benefiting from the discounts as it depends on the agreements made with the establishments regarding the maximum number of people that each card is able to offer.

Each metal card has engraved the owner's name, ID number and its validity. Its validation is possible through a simple web based solution that enables the restaurant to verify if the card is still valid while also checking the owner's ID in order to authenticate the card's name.

RESTCARD is aware that the company's success hinges on the high standard of **quality** of the establishments chosen as partners. Moreover, the wide range of variety and **diversity** of them is of an utmost importance that will be continuously pursued as it is considered the crucial factor that will enable the venture to prevail in the market. Lastly, the **discount schedule** should follow the Portuguese eating out standards which means that RESTCARD is focusing on Friday nights and weekend days as the dates that the restaurants should offer the service.

These three characteristics will determine the reaction of the market thus being regarded as the key factors that yield the success of RESTCARD.

3.3. Value Proposition

In order to attract customers, it is important to acknowledge that the value proposition of RESTCARD lies on the quality of the partner restaurants. Therefore, coupled with the value proposal to the customers, it is also relevant to highlight the value added to the restaurants.

¹ <http://glenward.co.uk/2013/03/digital-marketing-the-rules-of-online-branding/>

RESCARD mission is to deliver a unique set of features that will reshape the Portuguese eating habits. In this sense, RESCARD presents the following value proposals for both:

Restaurants

- a) ***Integrated Marketing*** – Restaurants will indirectly benefit from all the promotional advertisement developed by RESCARD, either by the online/offline marketing tools and channels.
- b) ***Professional Back office*** – Restaurants will have access to a back office webpage where they can edit their details, info and statistics from user behavior, after the company's approval.
- c) ***CRM solution*** – Restaurants can have access to information regarding the customers that use the membership card on their establishment.
- d) ***Traffic increase*** – Increase in customers' volume as a consequence of the discount.
- e) ***Profit safeguarded*** – Discount only charged on food and therefore desserts and beverages are kept aside.
- f) ***Flexible discounts*** – Restaurants can adjust their availability on days/hours of the week. Additionally, and only after RESCARD's approval, they can recalibrate the percentage of discount offered hence protecting themselves from the risk of overflow.

Customers

- a) ***High savings*** – For example, a 30% discount on a 15€ plate will totalize 4,5€ of savings. With an expected price of 59€ for a 6 month membership card, around 10€ per month, it will account for 45% of the investment in just one meal. Note that for each card at least two people are allowed to benefit from the discount, meaning that if the owner of the card takes someone with him/her the final discount will reach the monthly investment.
- b) ***Restaurants availability and diversity*** – RESCARD is aware of the importance in having a widespread portfolio of restaurants. This should contemplate not only the number of the available restaurants but also, and perhaps most importantly, it should focus on the different variety of them (e.g. ranging from Japanese to "Charruscarias"), while not forgetting the schedule that customers are more prone to eat out. Therefore, RESCARD main focus will be in achieving a widespread layer of different types of cuisines while offering this service during dinners and specially Friday nights and weekends. Once again, RESCARD highlights the importance that this value proposal has for the feasibility of the business.
- c) ***State-of-the-art website and app*** – The Website is clearly the most important marketing image to sell the product and therefore RESCARD web design will be "friendly user" and evoke a reliable and confidence feeling to the potential customer.
- d) ***Online and phone support*** – RESCARD communication channels: E-mail, online chat, phone support and ticketing system.

To sum up, RESCARD aims to connect two fronts that are increasingly and forcibly being separated: love eaters and restaurants. On one hand, by encouraging people eating out more frequently, RESCARD is helping restaurants to continue their operations in the harshest times seen on a lifetime. On the other, love eaters can save money without forgoing the quality of their lifestyle, as they will experience the finest restaurants that they were used to while making it more affordable.

3.4. Differentiation and sustainability

RESCARD intends to disseminate the concept to the largest base of customers possible. To reach different market niches, target customers are separated into three distinct types:

- 1) **B2C** – Customers that purchase the card through the website. They will have the option of buying the 3 or 6 months membership card and are considered the main target customer.
- 2) **B2B** – It has a tremendous potential that should be exploited since the early inception of RESCARD. It can aggregate two distinct streams: a) B2B where it can range since corporations until universities (database to send email marketing is the key point) and b) B2B2C, where an external company sells the RESCARD membership card. In order to penetrate in this market, RESCARD will offer a discount of 20% to 30% regarding B2C prices. Once again, the 3 and 6 months membership cards are the ones that will be available.
- 3) **Tourists** – As eating out is one of the top activities of tourists, they are also a natural potential customer. Due to their short permanence, prices and time of affiliation should follow this restriction. Therefore, 5, 10 and 15 days membership cards will be available and prices will range from 15€ to 35€. As a strategic move, RESCARD will firstly seek those hostels/hotels that are near to the restaurants affiliated. This segment will only be pursued in a later phase.

Additionally, RESCARD intends to deliver its service through a combination of different features that will add value to the final product. To achieve such standard, RESCARD features includes:

“Tailored” customers – In a later phase, the service include different membership cards that can guarantee access only to a certain stereotype of restaurants. For example, if a customer is only interested in eating out at Japanese restaurants, he/she will be able to only have access to them through a cheaper price.

CRM service – The relationship with the customer will be empowered by mainly two means: direct newsletter and open communication through social network.

The former will enable to have a customized service. The registration data allows to compile all the information and to gather it in the company’s database. RESCARD will develop the capability of using it towards direct mail marketing hence enabling to enhance customer loyalty. For example, the “Churrascaria” lovers will be notified if a restaurant of this type is added with RESCARD services. In addition, it can be further personalized through a set of characteristics: a customer that only wants to receive news regarding a type of restaurant, in a specific neighborhood, opened in a certain day at a certain hour.

The latter will function as a constant and permanent feedback with the potential client. The company aspires to answer to all the suggestion/interaction by the client thus unveiling a proximity and trustworthy relationship with them.

Quality – Middle-upper income consumers are the classes that perceive restaurants as the perfect occasion to socialize either with family or friends.

RESCARD is also targeting restaurants that are inserted within this range. Middle-upper restaurants will guarantee the perfect connection to these customers enabling them to have the minimum standard of quality in the restaurants which they do not forgo.

“Plastic” Cards – In order to penetrate in the market and create customer awareness, plastic cards will be distributed. Essentially, these cards allow the owner to have access to the company’s services during 1 month for free. They will be distributed in different marketing campaigns that will be monitored (see “Marketing plan” → “Offline”). Therefore people can have access to discounts in the restaurants during 1 month without having to pay for it.

Moreover, the company can be classified as an e-commerce business and currently people still have some reluctance when purchasing online products. To fight such stigma, RESTCARD services will include:

- **Free Shipping** – The price listed on the website will have included all the shipping costs associated with the card delivery.
- **48 hours delivery** – Customers will receive the membership card within 48 hours.
- **Free return option** – Customers will be fully reimbursed if they cancel the membership card within 10 days since the day of delivery. All the shipment costs are not covered by the company.
- **Secured electronic payment** – Only the electronic payment entity has access to the payment data and is responsible for the validation payments. This way, consumers can feel totally safe as the payment data is secured by an external company (e.g.: PayPal, Easy Pay, MB, etc.).

Having these features is crucial towards a successful acceptance by the market. All these services will be thoroughly explain on the website as customers must be aware of them to overcome the initial e-commerce stigma.

3.5. Entry and Growth Strategy

Entry Strategy

Due to its size and low riskiness, several multinational companies see Portugal as the ideal test-drive market. RESTCARD believes on this principle and, as an entry strategy, has chosen the Portuguese market as the proper to be exploited.

In order to captivate consumers and overcome the initial hurdle of selling an unfamiliar product, RESTCARD entry strategy will differentiate from the one aimed on a later stage. It will be held during the first year of operations with a set of different features. In this sense, RESTCARD will offer the following services: one month free cards, minimum of 50 available restaurants and lower entry prices.

One month free cards – Will function as a one month card trial. The owner will have to activate the card on the website by inserting their data which will guarantee that a second request from the same is denied. Free cards will be mainly available during the first year of operations.

50 restaurants – RESTCARD website will only be online when 50 restaurants are attained as partners. It will guarantee a satisfying array of restaurants since day one and therefore no customer will be displeased by the absence of establishments available. Naturally, as

business grows so the number of restaurants interested does. After the initial entry year, RESTCARD is confident of having partnerships with over 105 restaurants. (approx. 5 new restaurants per month).

Lower entry prices – In order to disseminate the brand quicker, the penetration price will be lower than the future expected price. It will encourage word-of-mouth recommendation and an initial loyalty-building standard. Prices for the 3 month and 6 month will be 29€ and 49€, respectively, but can vary as they encounter market reaction, thus being flexible and dynamic.

Growth Strategy

If successfully implemented, RESTCARD becomes an appealing venture for national and foreigner companies to buy out instead of competing directly. Yet, it is the goal of the company to expand the concept to Spain before wondering in an exit strategy. Its cultural proximity enhances the confidence that if RESTCARD succeeds in Portugal it will yield the same outcome in Spain. Notice that no other country is initially being contemplated as cultural differences with other European country becomes wider and the likelihood to thrive is much more diminished.

Therefore, RESTCARD aims to conquer the Portuguese market. After analyzing the intern market and the way that customers react to this concept, and if well-succeed, RESTCARD will have gathered the market responsive tools to expand to Spain.

This expansion will require a lower implementation expenses structure as the highest initial investment is the e-commerce platform that will be the same used in Spain with the respective translations, hence enabling two front domain websites with the same burden cost.

Similarly to Portugal, initial costs will be mainly related to restaurants prospects and a non-satisfactory acceptance of the concept by the Spanish establishments will allow halting further costs thus avoiding excessive spending on this market. Contrariwise, if restaurants perceive the potential of the concept and believe that RESTCARD can aggregate additional value to them, in order to capture customers' awareness, costs will be mainly through online marketing. In this case costs are extremely adaptable which consequently ensures low riskiness: while a positive response by the Spanish market will underpin extra-investments on marketing, a contrary reaction will allow the company to downgrade investments in advance.

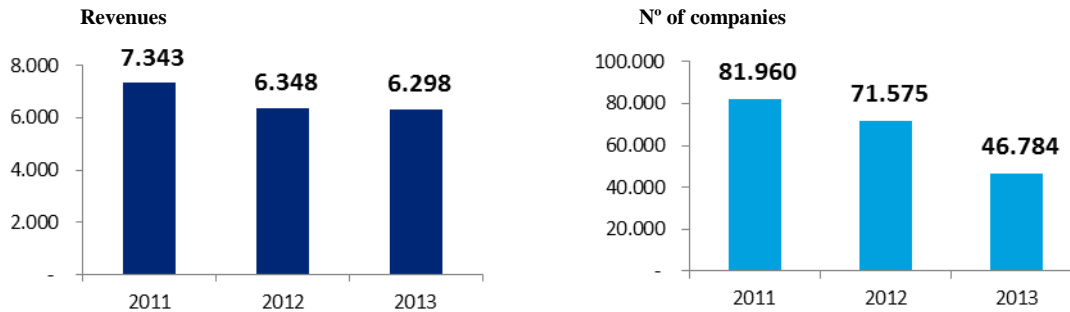
4. Market Analysis

In order to have an in-depth knowledge regarding the market that RESTCARD intends to perform, it is necessary to understand all the parties that are involved in the action of purchasing a membership card.

4.1. Restaurants Context

The restaurant sector shows a significant weight on the national economy and is characterized by mainly small companies.

The government decision of increasing the VAT from 13% to 23% is slowly changing the sector towards the following characteristics:



Source: <http://www.ahresp.com/files/filemanager/Mundo%20Economico/ESTUDO%20IVA%20-%20Sumario%20Executivo.pdf>

Despite the decrease around 43% of the companies performing in the sector, this number is expected to suffer no relevant changes in the future.

4.2. Target Customers

The management team believes that there are two segments of population that are aligned with the experience that RESTCARD has to offer.

Primary segment – The RESTCARD target segment consists on people where the predominant age ranges from 25-39. They earn an income above the average and are more concentrated in bigger metropolis. They are used to eat out in the middle-upper restaurants every week and will read the company's services as the perfect occasion to save a considerable amount of money in the end of the month.

This target segment aggregates those people that consider eating out as a form of entertainment and an expression of status. Food and social interaction are deeply linked and this segment sees the activity of eating out as the perfect occasion to entwine both pleasures into one.

Secondary Segment – The secondary segment will be composed by a younger age group, comprising people from 18 to 25 and therefore aggregating people with less disposable income.

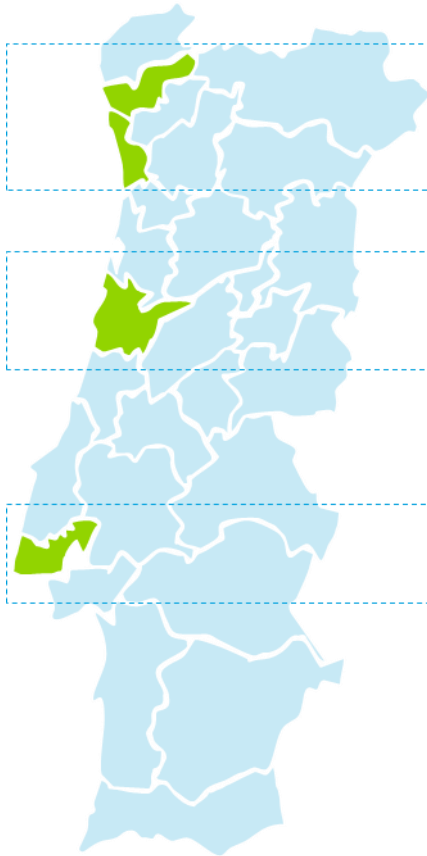
These customers will view the opportunity of using the discount as the perfect incentive to experience cuisines in higher standard quality restaurants which they are used to. Therefore, they will perceive the RESTCARD card as an affordable, approachable manner to experience a taste of life's finer restaurants, an occasion that places them in equal social events to those in the primary segment. Without the membership card, these members generally would not be able to afford the prices charged in the same restaurants.

4.3. Market potential

During the first year in the market, RESTCARD will focus its operations only in the Lisbon center market. Only after a successful initial year, RESTCARD plans to expand the business model into other cities.

The targeted cities were chosen by the following three fundamental cornerstones: cities are populated, display a high ratio of the standard targeted customers aforementioned and have above average Portuguese GDP per capita. As a result, Oeiras, Cascais, Porto, Coimbra and Braga are cities that successfully gather these conditions.

Despite not incurring into significant additional fixed costs, other cities will not be contemplated in the market potential as to follow a conservative approach (See more in “Geographic expansion” below). By taking the same reasoning, RESTCARD is only targeting people who live around the establishments affiliated excluding those that live in the periphery but that work every day in the city center and can therefore directly benefit from the services.



#	Porto	Braga
Total Population	204.788	177.940
Population 18-25	13.970	15.152
Discount factor (10%)	1.397	1.515
Population 25-40	43.689	41.945
Discount factor (30%)	17.298	17.129
Total Target Market	18.695	18.644

Fonte: INE

#	Coimbra
Total Population	131.446
Population 18-25	9.020
Discount factor (10%)	902
Population 25-40	28.604
Discount factor (30%)	11.287
Total Target Market	12.189

Fonte: INE

#	Lisbon Center	Cascais	Oeiras
Total Population	469.509	190.625	172.948
Population 18-25	28.213	13.712	11.213
Discount factor (10%)	2.821	1.371	1.121
Population 25-40	98.685	40.737	38.328
Discount factor (30%)	38.487	16.335	14.862
Total Target Market	41.308	17.706	15.984

Fonte: INE

Given the fact that was not possible to withdraw data regarding the GDP per capita in the cities mentioned, the “Discount factor” seen in the tables represents the percentage of the population that has the economic possibility of purchasing a membership card and that eats out enough times so that the accumulated discount surpasses the price paid for it. Note that to achieve this latter metric, the card owner would only require to eat out twice in a month in order to reach the average monthly price paid or only one if the card owner brings a person (See “Company and Concept” → “Value Proposition” → “Customers” → “High Savings” for a concrete example).

Summing up, during the first year of activity the target market is around 41.308 people, followed by a market of 124.527 in the subsequent year due to expansion plans. However, this latter target market cannot be interpreted too rigidly as this market should be considered dynamic and flexible due to the fact that cities can deviate from the initial expansion assumptions.

5. Competition

Existing competitors

There are no companies that offer an identical business model of the one that RESTCARD intends to. However, there are similar business model competitors which are highlighted below.

Similar business model competitors

There is only one “competitor” that somehow replicates the RESTCARD concept. Its business model is the following: limited edition of 1000 cards where each card grants the owner 10 meals for 2 people with 50% of discount of the overall bill, except beverages. There are only 10 restaurants accepting this service. No reservation needs to be made. This service is offered by Fnac when purchasing the package “Time Out”.

Nonetheless, this concept has several differences that should be highlighted: it has implicit a limited edition of cards whereas RESTCARD does not; the card can only be used 10 times whereas in the RESTCARD’ model the card is of unrestricted use; there are only 10 restaurants available with the service whereas RESTCARD is aiming having hundreds of restaurants as partners.

Daily voucher websites

These companies are not direct competitors as they only sell individual vouchers for a one-time occasion discount. However, these companies possess the necessary infrastructure and know how to contact restaurants and launch a similar concept in the short term.

These big players are the ones that can move more easily towards this business model and therefore constitute the biggest concern. However, by only entering in the market with a reasonable number of restaurants as partners, RESTCARD somehow guarantees a higher barrier for entrance against these potential followers.

Among many voucher companies, the main ones are: Groupon; Goodlife; Odisseias; Mygon.

Competition barriers that can be imposed

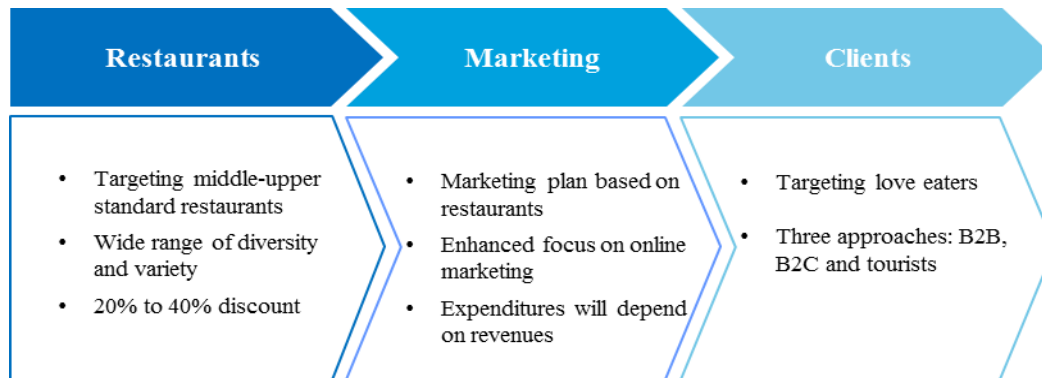
If successful implemented, sooner or later copy-caps will appear. Therefore, it is necessary to anticipate their moves and diversify the services in order to increase barriers against coming competition. To this light, among a range of possibilities that can be offered, the following are highlighted:

- **Restaurant CRM and data sharing** – Restaurants will have access to customers information;
- **Revenues diversification** – Three different revenue streams can guarantee that if one is not yielding the expectable result it can be partly offset by the others. Additionally, as soon as possible, RestCard will try to diversify revenues sources (optimizing website; fees to restaurants; selling database information, etc);
- **Customized brand partners** – The company will encourage the B2B model and can visually customize the membership card by adding the logo of the company;
- **Reward the top costumers** – Customers that have the highest number of validations in the restaurants earn some sort of reward (accounted under CRM cost).

6. The Economics of the Business

6.1. Importance of Restaurants as Brands

The success of RESTCARD hinges on three cornerstones which are connected through a value chain as depicted below:



In order to be visible in the market the company needs to follow an ongoing process that should be chronologically respected. The final goal is to be able to offer a valuable service to the clients but beforehand it is necessary to acknowledge that a hefty ground base that supports the aim of being well-succeed should be built since the inception of the project.

This solid base is only attainable by building an extend portfolio of restaurants without forgoing a standardized quality since the early inception of the business. Restaurants' quality are therefore the brand of RESTCARD and that is why marketing will be highly linked on the restaurants' name propagation as offering discount on them is the final value proposal to the client.

Having the middle-upper national restaurants will enable to create marketing campaigns that revolve around their brand, hence allowing the company to capture customers' awareness.

6.2. Website as potential revenues vehicle

The website is the visual brand of an e-commerce company and therefore needs to look legitimate and provoke a sense of trust. It needs to be appealing, user friendly, eye-catching, competitive and unique.

To this end, RESTCARD will spend the major part of the initial investment in the development of the website and will only place it online until is completely fine-tuned. It will be given total prominence to restaurants' brands and emphasize on images that capture the viewer attention and "whet" their appetite.

7. Marketing Plan

7.1. Overall Strategy

Knowing that RESTCARD is embedded in a concept full of potential is not enough to guarantee the success of the same. Creating consumer awareness of the value proposition which RESTCARD intends to is a challenge that should be effectively addressed and this is where Marketing will play its vital role.

The marketing plan's efficiency is highly linked with the venture's success and requires to be thoroughly scrutinized as marketing expenses will represent a huge stake of the overall cost

structure and a distorted approach, either in values or time framework, will jeopardize the venture's cash flow. A realistic and efficient marketing strategy has to be ensured since the inception of the venture. This action is crucial and has to follow a set of strategic choices.

A marketing plan should be carefully developed and needs to bear in mind the Portuguese market specifications. Before incurring in unnecessary costs, RESTCARD should firstly develop itself as a brand in order to create the proper tools to foster customers' awareness.

7.2. Restaurants

The first marketing campaign that will be placed in action is the door-to-door approach of gathering restaurants. As aforementioned, RESTCARD is expecting to only incur in website expenses when it has gathered at least 50 restaurants.

RESTCARD is aware that in the precise moment that begins to communicate with restaurants it will not have anything palpable that can demonstrate the commitment to the project. This, therefore, can prompt a mistrust reaction by them which will be addressed beforehand.

Therefore, to overcome such stigma, two distinct approaches are provided:

Firstly, in order to maximize a positive responsiveness from restaurants, the company intends to previously study the restaurants market. This study has as purpose to differentiate two features on them: ranges of average prices per meal and types of cuisines. After gathering and compiling this information, RESTCARD will define which sort of characteristics will be actively pursued: for example, if it is more important to have a higher number of restaurants from a certain type of cuisine (e.g. Japanese) or having more restaurants within a certain price range is where endeavors should be addressed. This study allows to be more assertive in the restaurants' approach and consequently to bear a higher likelihood in having the restaurants selected as potential partners thus enabling to save time in the action of gathering the minimum number of restaurants settled.

Secondly, and perhaps more important, in order to provide a tangible message to the restaurant manager, and besides the typical presentation of RESTCARD where the business model is explained, a physical brochure will be delivered. This brochure aims to be a small book, no longer than 4 pages of content, which briefly explains not only the business model but also the value proposal which is intended. In short, it will summarize this business plan but from the restaurants' perspective. It is expected to bear a visual impact as it will display several images within the brochure in order to be more appealing and trustworthy.

Note that due to time constraints both approaches were not possible to be provided in more details. However, brochure expenses are incorporated in the financials.

7.3. Customers: Online and Offline

In order to reach customers, there are two major channels where market expenditures will be spent on: Online and Offline. Given the fact that the membership card is purchased through the online channel, the ratio of online/offline expenditures has to be higher than in the traditional commerce and therefore marketing costs will tilt towards the former.

There are three reasons that can be listed and support this strategy. Firstly, e-purchasers are the main target and to spend an unnecessary budget by trying to communicate with people that possibly do not e-purchase would be foolish and could compromise more effective campaigns. In addition, online marketing is safer when measuring its effectiveness. This channel allows to accurately calculate the ROI per advertisement made thus providing additional leeway to change swifter from those campaigns where the ROI underperformed towards those where the outcome was the most desirable. Finally, online marketing allow companies just to pay when a user clicks on a specific add – pay-per-click option. This can immediately guarantee that the user that clicked on the add is a potential customer.

The value proposition coupled with the attractiveness of the website will play the final role thus expecting to maximize the return of the investment made.

Notwithstanding, it is important not to solely focus the strategy on the virtual market. Offline marketing will not be forgotten.

7.4. Online

RESTCARD is a venture that is taking its first steps and consequently the strategy undertaken needs to take into account two limit resources: time and money. Among the different channels within the online marketing scope, a balanced relation between time-consumption and budgeting priorities is extremely important. After a careful analysis, Google, Social Media, and E-mail were perceived as the initial online marketing tools that will enhance market penetration. Online marketing in Portugal is still in an incipient phase – when comparing with other Europe countries – carrying with it a huge potential yet to be explored. Therefore, is important to succinctly explain each of the channels that RESTCARD intends to approach.

Google

To achieve an efficient use of the online marketing, is imperative to RESTCARD be actively present in this channel. There are two ways when approaching it: through AdWords or SEO. Whereas the former is related to the ads that appear on the screen when a word/text is typed on the search engine, the latter refers to the optimization of the website appearances through a higher visibility of the same in the search engine.

Google AdWords means that any expenses spent on this channel has as counterpart the certainty that additional web traffic was generated. This is so because advertisers are only charged on a per click basis – when a click on the add is made. The process is straightforward: enterprises choose a word or a set of words and the budget which they are willing to pay. A particular characteristic of this channel is that is possible to minimize the costs with it as the advertiser can customize the audience disregarding those which were not previously targeted. For example, if RESTCARD only has affiliated restaurants in Lisbon, it is possible to select the users from this city as the only ones which are supposed to invest on.

The AdWords in the engine search will be continuously updated by RESTCARD, tailoring them to the needs of the different marketing campaigns in order to achieve a higher ROI – the ultimate goal of every marketing campaign.

SEO stands for search engine optimization and it aims to rank the company the highest possible in the organic searches' results, which consequently expects to generate additional traffic on the website. It is based on a google logarithm that is unknown. However, there are certain variables that are known as being part of it: links to well-ranked websites; relevant words on the site's content; reader friendly contents; etc.². Despite being rather vague, it gives a perspective of what functionalities should be on the website content and what SEO strategies should be adopted in the web design and followed as rules of thumb.

Social Media

Social Media is a network where users are interconnected through a communication channel. When properly explored, these networks are the right channel to spread the word thus being regarded as a powerful communication tool with web users. These networks are transversal to all the society regardless their social, economic or demographic status.

RESTCARD perceives social media as a network with a huge marketing potential. Among all the different media channels, Facebook is undoubtedly the one that will deserve the main focus. It is the most visited social website and people do it on a regular basis. Its influence is massive and has the ability to capture users that otherwise could be unreachable. An efficient and ongoing presence on this channel represents a hefty vehicle to reach marketing goals while not over-budgeting.

This strategy proves to be the most cost-effective and, as title of example, has been expertly explored by ChefsClub. Currently, they have more than 138k fans thanks to their constant interaction with web users and to the insightful posts related to gastronomy and news related to their affiliated restaurants. They take an informal approach, transpiring a sense of trustworthiness which enables them to create a friendly relationship with users and they do it by following a rule of thumb of updating at least two posts per day on Facebook and always responding with no more than 24hours of delay to the user's posts.

RESTCARD intends to follow the same approach which ChefsClub is undertaking as it is proving to be tremendously efficient. Just on a later phase, twitter and other social networks will be targeted.

Additionally, a blog will be developed. It requires no overhead costs and it is easy to manage and use. It will provide additional visibility to RESTCARD as a brand and will increase the brand's notoriety while creating relations with the users. Here, RESTCARD main goal is to focus on niches and to interact with the restaurant blogs, eat and cook lovers, gastronomy experts, etc.

The company will engage them by creating content that they value and interact with. Ultimately, the expected high-quality blog posts are SEO friendly and therefore represent an additional tool that reinforces the brand on the google search engine.

In a subsequent approach, the multimedia channel, mainly through YouTube, will be taken into account. It represents a powerful tool for content creation with a widespread reach and enables the content of web marketing campaigns to be more interactive. Despite all the benefits that can be withdrawn from it, it has a significant initial cost that cannot be supported in the inception of the

² http://sixrevisions.com/web_design/improve-seo-website-design/

project. Nonetheless, endeavors will be channeled towards the creating of this marketing multimedia when revenues start to materialize.

E-mail Marketing

E-mail Marketing is extremely powerful in what regards personalizing the communication with the customer. However, a mismanaged approach has the potential to transform this type of marketing into spam from the perspective of the customer - which ultimately damages the brand instead of benefiting it. Therefore, RESTCARD cannot be too invasive and should be careful when incurring in this type of marketing.

In this sense, RESTCARD will not adopt an aggressive e-mail marketing. To follow this approach, it will be only used the mail content in two situations: firstly, when doing the registration on the website, customers will have access to a small questionnaire that enables them to choose the type of information that they want to receive (for example: novelties related to new affiliated Japanese restaurants, info with new restaurants with 50% of discount or in a certain neighborhood, and so on) and therefore the e-mail information will be well-received by the customer thus not being considered invasive. Secondly, as the time of affiliation of the customer with RESTCARD is going to be tracked, the company is able to know when the membership card expires and can therefore send an e-mail in advance proposing the renewal of the membership card with a discount. Once again, this approach will not be considered spam by the customer.

7.5. Offline

As aforementioned, the offline channel will not be the main marketing strategy.

Here, the company will simply try to create the maximum amount of buzz and awareness with minimal expenditures. To this light, there is an intention to create a list of media companies which RESTCARD will enter in direct contact once the website is online and propose interviews that create the opportunity to disseminate the brand and spread the value proposal across media channels. Within the media sector, the business will focus on TV, radio and magazine companies. In addition, out of the box street actions will be performed.

Another offline campaign will consist on the distribution of free cards. In order to accurately assess the percentage of the free cards given that are indeed activated in a certain campaign, RESTCARD needs to track them and to separate them by sets of ID numbers. For example, if it is decided to give 100 cards on "Campaign A", being it on a Friday night in Bairro Alto, all the ID numbers of the cards must be known. Thus, information will be gathered regarding the ratio of the activated/given cards of that specific campaign hence allowing RESTCARD to have a trustworthy ROI of the offline marketing action. Consequently, efficient campaigns will be repeated and, contrariwise, those with a low ROI will not be performed again, enabling to have a more cost-effective approach.

7.6. 4 Ps

Some of the channels where RESTCARD plans to invest and to be proactively involved were already outlined. Nonetheless, is important to set a marketing strategy in order to have a clear path towards the ultimate goal thus easing its accomplishment. This will allow having a set of marketing guidelines delivering a better understanding of what marketing methods are going to reach customers in the exact manner which is intended to.

Product (service)

The offered service is a metallic card that grants memberships to have access to 30-50% discount on the affiliated restaurants every day, all year-round. In order to streamline operations, customers can choose from three different membership cards validations: 3 months, 6 months or 5/10/15 days (this last is targeted to tourists).

Promotion

The overall promotion strategy and its philosophy will follow some guidelines:

Be local – imagine how effective can be spreading the concept just to people who are truly love eaters. This audience can be achieved through the powerful advertisement tool of Facebook. The Facebook “like” bottom allow us to know who indeed is a fan of a certain restaurant or those that are fans of gastronomy clubs. The same approach can be reproduced in different cities, neighborhoods where RESTCARD is strongly represented. In this case, either through the “knowledge” of Facebook or through present campaigns (distribution of flyers, buzz awareness, offers of free cards and other promotions), it allows having a much more efficient marketing campaign bearing a higher cost-effectiveness.

The objective is to enter in sub-communities and capture people attention at lower expenditures (if compared to traditional advertising).

Communication – includes constantly stating the advantages of the concept: optimal cost-benefit, easiness of purchase, free and 48 hours delivery, reliability, security of payment, free return, full reimbursement, quality of customer service, etc.

Placement

Initially, membership cards will be sold through an e-commerce platform. Both the 3 and 6 months validations will be available on the website (ideally, 5/10/15 days will be available just on hostels and hotels). At a later stage, RESTCARD aims to offer its membership card on physical stores through agreements with different retailers, such as gourmet convenience stores, gas/petrol stations, and Fnac.

Pricing

RESTCARD pricing tactics is crucial for the successful implementation of this innovative concept. An extremely cost reduction option for the love eaters is offered and it is intended to communicate it aggressively. Initially, an entry strategy approach will allow lowering the price around 20% from the matured market price.

8. Management Team and HR Plan

8.1. Organizational Structure

Marketing

Marketing is divided in 4 major sub-departments as follows:

Strategy – Sets the global marketing strategy and budget allocation which are jointly planned with the management. Compiles and tracks all the data regarding online marketing and the effectiveness of them through web analysis (ROI). Tries to measure analytically offline performances and is responsible for all the material that goes to the market under RESTCARD´ brand;

Online/Offline – Defines online and offline actions and all the promotion of the company. Responsible for areas such as: SEO, E-mail marketing, Facebook, offline actions, etc.;

Communication – Responsible for the creation of all the buzz awareness. The goal is to stimulate and place the brand in the ears of the market until it becomes widely known and it is going to be fostered through contacts in different media channels. (E.g. ventures/entrepreneurs network, online newspapers, gastronomy network, other media channels, etc.);

Design – Responsible for the creation of advertisements and all that it incorporates (text, graphics, audio, video, etc.).

Trade Sales Representatives

It defines the target of the ratio of customers per restaurants affiliated. Additionally, it is also responsible to stimulate the wide variety of the types of cuisines and in a later phase the geographic expansion. It will also have under its responsibility all the communication with restaurants.

Finance/Management

Finance/Management is divided in 4 major sub-departments as follows:

Finance– Responsible for the market analysis. Identifies the KPI´s, working capital needs, investment and funding decisions.

Management – Responsible for investors´ relations, human resource needs, legal requirements, supply chain, CRM, outsources (logistic, payment, etc.)

Performance Management – Responsible for the development, implementation and assessment of the Balanced Scorecard. Crucial tool to an early success of the venture.

Strategic partnerships – Responsible for the selection of the strategic partners. Its function is extremely important as it includes partners that are related to the B2B and Tourism segmentation – Companies, hostels/hotels.

IT

Its responsibilities are divided as follows:

Website – Optimize flow, traffic capacity control, website structure and functionalities, web analytics.

Apps – Responsible for the creation of the apps to be used in the mobile phones and the respective content.

System – Responsible for the accurate integration of the system with the logistic and payment providers. Additionally, should optimize the customer data base and the cards stock software.

Web graphics – Web based graphic design. Should support and be in-sync with the online marketing design.

Additionally, due to the importance of the IT department in the infrastructure, RESTCARD will seek a strategic partner within this area of expertise. Ideally, it would be an IT company that could

provide these services at no cost in exchange of an equity stake. However, if no agreement is reached with an IT company, the founders stated below are fully capable of providing all the equity required to launch the project.

8.2. Key Management personnel

Three RESTCARD founders and a board of directors will launch the business. The founders will be composed by young entrepreneurs who are avid to thrive. Additionally, the board of directors will be constituted by a top management team whose experience on distinct level of businesses will be a crucial differential towards the success of the venture.

The resulting combination of young people full of ambition and a savvy management team with given proves provide a solid team with different but complementary skills. The team of founders is composed by:

José Pedro Fernandes, founder and CEO. José is the originator of the RESTCARD concept. His interest on the business arose when in the summer of 2013 he did an internship in a company that has a similar concept - ChefsClub, Brazil – where he perceived the potential of a tailored replication of the concept in Portugal which resulted in this business plan. Currently, he is working at Deloitte Touche Tohmatsu in Portugal at the Financial Advisory Services department while he is also completing his Masters in Finance at Nova School of Business and Economics. He has an undergraduate degree in Finance from Instituto Superior de Economia e Gestão (ISEG) where he was given the best student award of the course.

José Francisco Mesquita, founder and COO. José is a founding member of the RESTCARD team.

With a strong entrepreneurial spirit, José has been the first supporter of the creation of RESTCARD in Portugal. Despite having an undergraduate degree in Law at Universidade Nova de Lisboa, he worked several years in other areas, particularly in the production of musical events. Currently, he is completing a Masters in Law and Management at Universidade Católica Portuguesa and working at the Marketing department of the consultant Closer.

José António Fernandes, co-founder and COO. António is a co-founder member and the strategist of RESTCARD operations. His interest in the project derived from the combination of being an entrepreneur by nature and by his perception of the potential of the business. Prior to that, he implemented an e-commerce platform in the Brazilian market under the enterprise Rocket Internet (dafiti.com.br – revenues of R\$ 620 Million in 2011) and worked in the financial industry at BBVA. He holds a Master of Science in Management with specialization in Global Entrepreneurship at EM Lyon Business School, Zhejiang University and Babson College and an undergraduate degree in Business Management with major in Strategy and Marketing at Nova.

Realizing that the founders need to augment their business experience and skills that are required when running an enterprise, the board of directors is composed by two strategic members whose expertise in distinct fields is unquestionable:

Guilherme Mynssen, Co-founder and current CEO of ChefsClub. Guilherme elaborated and implemented the business strategy of ChefsClub. He is the responsible for sales, marketing and

trade areas at the company and he is also Professor at Centro Universitário Celso Lisboa of the courses of Relationship Marketing and Endomarketing. Prior to that, he was the Account Executive at Reckitt Benckiser and trainee at Lojas Americanas. He holds an undergraduate degree in Marketing at ESPM during which he was the Executive Director of the ESPM Junior – the marketing consulting company of the university. His expertise in the marketing field jointly with the fact that he is one of the founders and current CEO of ChefsClub is what makes him extremely important to the project whose advices and remarks are indispensable. In addition, he will be the marketing strategist of RESTCARD.

José Paulo Fernandes, CEO of A Da Costa Cabral, Lda. The most experience person in the venture world is José Paulo Fernandes. He is the CEO of a Portuguese steel company for the past 30 years and will be one of the major funding providers. His interest is based on the belief in the financial sustainability of the project as well his personal need in diversifying the portfolio investments. His experience and leadership in running a successful company in a market that is highly competitive coupled with an extended network across different areas acquired throughout the 30 years of his professional career makes his contribution to be priceless thus being a crucial and extremely valuable asset for RESTCARD.

9. Financial Plan

Financials

There are four critical elements driving the economics of the RESTCARD concept and which are thoroughly scrutinized during the first year of activity:

Revenues Streams: B2C, B2B, tourists

RESTCARD corporate financial projections are based on the feasibility of three distinct revenues streams. In the beginning of the project, revenues come from one source but as the concept builds brand equity a second tier of additional revenue streams are expected to arise. As so, after the first semester of activity, revenues are expected to come from three distinct streams: B2C, B2B and tourists.

In order to ensure conservative projections, the management team has excluded to include further revenues variations that can be potentially attained by: optimizing the website (e.g. highlighting restaurants in the front page, etc.); having restaurants to pay fees in order to be able to offer the service; selling to third parties customers' information that the company has compiled since the inception of the project and that is stored in the database; etc.

During the first year of activity, revenues streams are expected to behave as follows:

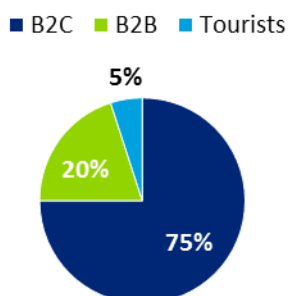
Revenues		Year 1												Total
		M1	M2	M3	M4	M5	M6	M7	M8	M9	M10	M11	M12	
B2C														
Cards Sold		20	30	48	77	119	173	228	296	355	409	450	495	2.699
	Growth %	-	50%	60%	60%	55%	45%	32%	30%	20%	15%	10%	10%	-
Average ticket ⁽¹⁾		44 €	44 €	44 €	44 €	44 €	49 €	49 €	49 €	54 €	54 €	54 €	54 €	52 €
	Revenues	880	1.320	2.112	3.379	5.238	8.458	11.164	14.514	19.193	22.072	24.280	26.708	139.318
B2B														
Cards Sold		-	-	-	10	17	27	41	57	74	93	116	145	580
	Growth %	-	-	-	60%	65%	65%	50%	40%	30%	25%	25%	25%	-
Average ticket ⁽²⁾		33 €	33 €	33 €	33 €	33 €	37 €	37 €	37 €	41 €	41 €	41 €	41 €	39 €
	Revenues	-	-	-	330	545	1.001	1.501	2.101	3.010	3.763	4.703	5.879	22.832
Tourists														
Cards Sold		-	-	-	-	-	10	15	21	27	34	43	53	203
	Growth %	-	-	-	-	-	65%	50%	40%	30%	25%	25%	25%	-
Average ticket ⁽³⁾		25 €	25 €	25 €	25 €	25 €	25 €	25 €	25 €	25 €	25 €	25 €	25 €	25 €
	Revenues	-	-	-	-	-	250	375	525	683	853	1.066	1.333	5.085
Total Revenues		880 €	1.320 €	2.112 €	3.709 €	5.782 €	9.708 €	13.040 €	17.140 €	22.886 €	26.688 €	30.049 €	33.920 €	167.235 €

⁽¹⁾ Average price computed by the proportion of 25%/75% of the 3 and 6 month towards the final price of 39€ and 59€ respectively. As entry strategy, during the initial 5 months prices are 29€ and 49€ respectively.

⁽²⁾ Average price computed by the B2C average ticket with a discount of 25%.

⁽³⁾ Average ticket computed by the median of the three options available for tourists of 5, 10, 15 days at prices ranging from 15€ to 35€

After the first year in the market, RESTCARD expects that the weight of each revenue stream tends to slowly change and to stable at the end of the 4th year around the following proportion:



High Gross Margins

Variable costs include three main components: cost of goods sold (COGS) which is the cost of the metallic card, the sales rate paid to the companies that provide the electronic payment and the mailing cost. Additionally, each card will be delivered with an envelope and a welcome letter.

Therefore, variable costs are expected to be around:

Variable Costs	Year 1												Total
	M1	M2	M3	M4	M5	M6	M7	M8	M9	M10	M11	M12	
Mail cost ⁽¹⁾	(14)	(21)	(34)	(64)	(100)	(148)	(200)	(265)	(323)	(379)	(431)	(491)	(2.469)
Electronic providers + Hostels ⁽²⁾	(53)	(79)	(127)	(223)	(347)	(582)	(782)	(1.028)	(1.373)	(1.601)	(1.803)	(2.035)	(10.034)
COGS ⁽³⁾	(20)	(30)	(48)	(87)	(136)	(205)	(276)	(364)	(443)	(519)	(587)	(666)	(3.381)
Envelope + Welcome Letter ⁽⁴⁾	(5)	(8)	(12)	(22)	(34)	(52)	(71)	(94)	(114)	(134)	(152)	(173)	(871)
Total Variable Costs	(92)	(138)	(220)	(395)	(616)	(988)	(1.330)	(1.750)	(2.254)	(2.633)	(2.973)	(3.366)	(16.755)
Gross Margin %	90%	90%	90%	89%	89%	90%	90%	90%	90%	90%	90%	90%	

⁽¹⁾ Mail cost assumed 0,7€per unit - CTT pricing.
⁽²⁾ Electronic providers assumed average rate of 6%(MB, Paypal, Easyway, Unire, etc have different rates). Hostels and hotel also have a success fee of 6%.
⁽³⁾ COGS were assumed 1€per card sold. Tourist cards are in plastic and therefore the price is 0,5€Numbers based on ChefsClub expenses.
⁽⁴⁾ Envelope + Welcome letter assumed 0,25€per set.

In a later phase, in the expansion plan towards different cities, the company is expecting to bear some additional variable expenses that can be regarded as commercial fees. (see “Geographic expansion” below). However, during the first year, RESTCARD is targeting only restaurants in Lisbon, a function that will be performed by the management team.

Flexible Fixed Costs

Fixed costs will account for the majority of the overall expenses. However, the fact that the founders of the project are friends and/or family related makes it easier for them to cooperate and to place the success of the venture as the primary goal. In this sense, in order to avoid incurring in expenses that could undermine necessary cash flows, all the founders forgo to earn a fixed salary during the initial 5 months of activity.

Additionally, one founder has an office fully operational that will be used since the beginning of the project and from which RESTCARD does not have to pay any rent. Fixed costs are as follows:

Fixed Costs	Year 1												Total
	M1	M2	M3	M4	M5	M6	M7	M8	M9	M10	M11	M12	
Office expenses	(75)	(75)	(75)	(75)	(75)	(75)	(75)	(75)	(75)	(75)	(75)	(75)	(900)
Legal & Account	(300)	(300)	(300)	(300)	(300)	(300)	(300)	(300)	(300)	(300)	(300)	(300)	(3.600)
Salaries ⁽¹⁾	-	-	-	-	-	(4.500)	(4.500)	(4.500)	(4.500)	(4.500)	(4.500)	(4.500)	(31.500)
Marketing ⁽²⁾	(1.500)	(2.250)	(3.600)	(5.760)	(8.928)	(12.946)	(15.000)	(15.000)	(15.000)	(15.000)	(15.000)	(15.000)	(124.984)
Others ⁽³⁾	(26)	(40)	(63)	(111)	(173)	(291)	(391)	(514)	(687)	(801)	(901)	(1.018)	(5.017)
Total Fixed Costs	(1.901)	(2.665)	(4.038)	(6.246)	(9.476)	(18.112)	(20.266)	(20.389)	(20.562)	(20.676)	(20.776)	(20.893)	(166.001)

⁽¹⁾ Salaries assumed 1000€per founder plus 750€per interns.
⁽²⁾ Marketing expenses growing at the rate of growth of B2C revenues until reaching the maximum established of 15.000€
⁽³⁾ Related to CRM and others and accounting for 3%of revenues.

Therefore, the major fixed cost is related to the marketing and it can be considered a flexible cost as this caption can be regulated on a monthly basis perception.

Low Investment Cost

RESTCARD concept eliminates the need in investing in fixed assets due to the nature of the business. The major initial investment will be made in the website development. If the initial investment starts to generate revenues, a further investment will be accomplished in the mobile app.

Finally, plastic cards are being regarded as an investment as their owners are expected to come later as standard customers hence potentially generating revenues with its distribution. Brochures expenses are also included.

Therefore, investments during the first year are expected to yield the following figures:

Investment Costs	Year 1													Total
	M0	M1	M2	M3	M4	M5	M6	M7	M8	M9	M10	M11	M12	
CAPEX														
Brochures ⁽¹⁾	(400)	(40)	(40)	(40)	(40)	(40)	(40)	(40)	(40)	(40)	(40)	(40)	(40)	(880)
Website development	(20.000)	-	-	-	-	-	-	-	-	-	-	-	-	(20.000)
Apps development	-	-	-	-	-	-	(12.500)	-	-	-	-	-	-	(12.500)
Plastic Cards ⁽²⁾	(250)	(250)	(250)	(250)	(300)	(350)	(350)	(350)	(350)	(300)	(250)	(200)	(200)	(3.650)
#	500	500	500	500	600	700	700	700	700	600	500	400	400	7.300
Total CAPEX	(20.650)	(290)	(290)	(290)	(340)	(390)	(12.890)	(390)	(390)	(340)	(290)	(240)	(240)	(37.030)
NWC														
Inventories ⁽³⁾	(60)	(90)	(144)	(260)	(407)	(614)	(829)	(1.092)	(1.330)	(1.556)	(1.761)	(1.999)	(2.399)	(12.542)
Change in NWC	(60)	(30)	(54)	(116)	(146)	(208)	(214)	(263)	(239)	(226)	(205)	(238)	(400)	(2.399)
Total Investment Costs	(20.710)	(320)	(344)	(406)	(486)	(598)	(13.104)	(653)	(629)	(566)	(495)	(478)	(640)	(39.429)

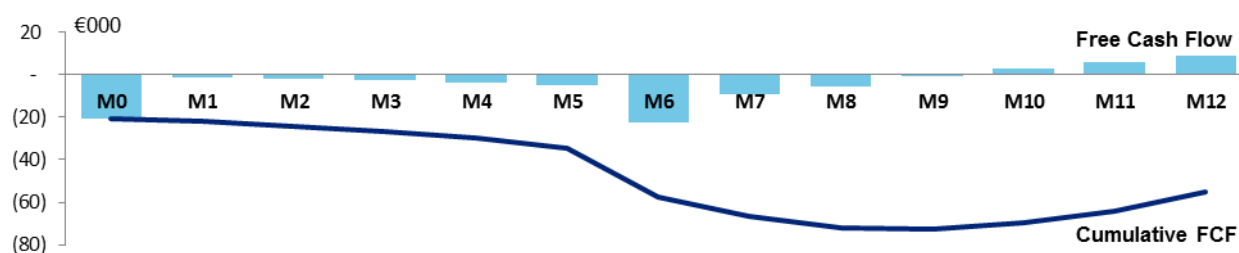
⁽¹⁾ Assuming a price per brochure of 2€ and that for 4 brochures given one restaurant joins the company. Note that if the restaurant immediately rejects our proposal, brochures will not be given.

⁽²⁾ Assuming average price of 0,5€ per plastic card

⁽³⁾ Assuming 300% of the cards sold in the following month.

In what concerns liquidity, the company expects to invert the downward trend of the cumulative free cash flow during the 10th/11th month as shown below:

Free Cash Flow	Year 1													Total
	M0	M1	M2	M3	M4	M5	M6	M7	M8	M9	M10	M11	M12	
Revenues	-	880	1.320	2.112	3.709	5.782	9.708	13.040	17.140	22.886	26.688	30.049	33.920	167.235
Variable costs	-	(92)	(138)	(220)	(395)	(616)	(988)	(1.330)	(1.750)	(2.254)	(2.633)	(2.973)	(3.366)	(16.755)
Gross Profit	-	788	1.182	1.892	3.314	5.166	8.720	11.710	15.389	20.632	24.055	27.076	30.554	150.480
Fixed Costs	-	(1.901)	(2.665)	(4.038)	(6.246)	(9.476)	(18.112)	(20.266)	(20.389)	(20.562)	(20.676)	(20.776)	(20.893)	(166.001)
Operational Cash Flow	-	(1.113)	(1.482)	(2.147)	(2.932)	(4.310)	(9.391)	(8.556)	(5.000)	71	3.380	6.300	9.661	(15.521)
Capex	(20.650)	(290)	(290)	(290)	(340)	(390)	(12.890)	(390)	(390)	(340)	(290)	(240)	(240)	(37.030)
Change in NWC	(60)	(30)	(54)	(116)	(146)	(208)	(214)	(263)	(239)	(226)	(205)	(238)	(400)	(2.399)
Investing Cash Flow	(20.710)	(320)	(344)	(406)	(486)	(598)	(13.104)	(653)	(629)	(566)	(495)	(478)	(640)	(39.429)
Free Cash Flow	(20.710)	(1.433)	(1.826)	(2.553)	(3.418)	(4.908)	(22.495)	(9.209)	(5.629)	(495)	2.885	5.822	9.021	(54.950)



Beside the financials, there are other important factors that should be taken into account:

Risks

There are certain risks that can jeopardize RESTCARD's performance. These include:

- **Competition anticipates:** The concept is already implemented in some international markets and other competitors may anticipate themselves to RESTCARD.

- **Restaurants non-approval of the concept:** The government decision of passing the VAT from 13% to 23% made some restaurants to absorb the impact in order not to lose customers. This decision diminished their leeway in providing further discounts which consequently increases the likelihood of having a refuse by them. However, RESTCARD truly believes that the value proposal to the restaurants outweighs this negative scenario.

The management team is aware of these risks. Note that despite being an important risk, the non-approval from the restaurants would occur in a phase where the business is not yet in the market and therefore the management team would have the possibility to decide aborting the business plan hence preventing spending any expenses.

Geographic expansion

Once the economics behave accordingly to the ones presented above, RESTCARD will seek to expand regionally. Despite not yet yielding positive cumulative FCF, RESTCARD will expand its concept to other cities as its inherent costs are much diminished due to the fact that the company does not have to resort into further CAPEX.

In order to successfully penetrate in this 2nd phase, RESTCARD aims to seek local partners that will be rewarded according to two variables: number of restaurants gathered and customers achieved from that particular city. This model encourages the meritocracy thus benefiting the partners that are aligned with RESTCARD' interest as their variable component overweighs the fixed one.

RESTCARD believes that this approach, jointly with the success that the business model is expected to generate in the first year of activity, will attract partners that are willing to accept the challenge and therefore spread the concept to other cities.

Additionally, one should not restrict only to the cities mentioned in the "Market potential" as the geographic expansion possibilities. To those will be given primacy in the expansion plan but nonetheless if the right partner is attained other cities will be pursued. However, despite yielding a tremendous potential in the enlargement of the target market, further cities were not incorporated in the business plan.

Finally, costs associated with this model of expansion are displayed in the financials under commission costs. These expenses are only incurred during the contract length with the partners, which are expected to be one/two years, and after this period such costs are expected to disappear. Nonetheless, in order to follow a conservative approach, no end period was considered in the financials thus assuming that commission costs are continuously kept.

Expansion financial

In what concerns the financial for the subsequent years, the following projections are expected:

€000	Year 1	Year 2				Year 2	Year 3		Year 3	Year 4
		Q1	Q2	Q3	Q4		S1	S2		
Revenues	167.235	113.017	124.941	135.711	146.677	520.347	322.356	340.511	662.867	759.178
Variable Costs	(16.755)	(11.216)	(12.399)	(13.468)	(14.556)	(51.640)	(31.991)	(33.793)	(65.784)	(75.342)
Gross profit	150.480	101.801	112.542	122.243	132.121	468.707	290.365	306.718	597.083	683.837
Commercial Cost	-	(2.033)	(2.679)	(3.173)	(4.022)	(11.907)	(7.995)	(10.866)	(18.860)	(23.818)
Rent	-	(3.000)	(3.000)	(3.000)	(3.000)	(12.000)	(6.000)	(6.000)	(12.000)	(18.000)
Office Expenses	(900)	(300)	(300)	(300)	(300)	(1.200)	(600)	(600)	(1.200)	(1.800)
Legal & Account	(3.600)	(2.260)	(2.499)	(2.714)	(2.400)	(9.873)	(3.600)	(3.600)	(7.200)	(9.600)
CRM costs	-	(565)	(625)	(679)	(733)	(2.602)	(1.612)	(1.703)	(3.314)	(3.796)
Salaries	(31.500)	(34.800)	(34.800)	(34.800)	(34.800)	(139.200)	(88.200)	(88.200)	(176.400)	(176.400)
Marketing	(124.984)	(30.000)	(30.000)	(30.000)	(30.000)	(120.000)	(60.000)	(60.000)	(120.000)	(90.000)
Other	(5.017)	(565)	(625)	(679)	(733)	(2.602)	(1.612)	(1.703)	(3.314)	(3.796)
EBIT	(15.521)	28.278	38.014	46.899	56.132	169.323	120.747	134.047	254.794	356.627
Incomes Taxes	-	(5.656)	(7.603)	(9.380)	(11.226)	(33.865)	(24.149)	(26.809)	(50.959)	(71.325)
Operational Cash Flow	(15.521)	22.622	30.411	37.519	44.905	135.458	96.597	107.238	203.835	285.302
Capex ⁽¹⁾	(37.030)	(3.000)	(3.000)	(3.000)	(3.000)	(12.000)	(6.000)	(6.000)	(12.000)	(12.000)
Change in NWC ⁽²⁾	(2.399)	(532)	(715)	(646)	(658)	(2.552)	(752)	(1.089)	(1.841)	(988)
Investing Cash Flow	(39.429)	5.802	6.382	7.020	7.722	(14.552)	(6.752)	(7.089)	(13.841)	(12.988)
Free Cash Flow	(54.950)	27.653	35.962	45.031	55.714	154.771	113.995	126.958	240.953	343.639

Major assumptions

Revenues – The revenues caption is the most sensitive assumption to be made and is detailed as follows:

Revenues	Year 1	Year 2				Year 2	Year 3		Year 3	Year 4
		Q1	Q2	Q3	Q4		S1	S2		
B2C										
Cards Sold	2.699	1.632	1.795	1.930	2.075	7.432	4.461	4.684	9.144	10.059
growth %	-	10%	10%	8%	8%	175%	8%	5%	23%	10%
Average ticket	52 €	54 €	54 €	54 €	54 €	54 €	54 €	54 €	54 €	54 €
Revenues	139.318	88.135	96.949	104.220	112.037	401.341	240.879	252.923	493.801	543.182
B2B	0 €									
Cards Sold	580	501	563	634	697	2.395	1.534	1.649	3.183	3.819
growth %	-	15%	13%	13%	10%	313%	10%	8%	42%	20%
Average ticket	39 €	41 €	41 €	41 €	41 €	41 €	43 €	43 €	43 €	46 €
Revenues	22.832	20.283	22.819	25.671	28.238	97.010	66.265	71.235	137.500	175.312
Tourists	-									
Cards Sold	203	184	207	233	256	880	563	606	1.169	1.403
growth %	-	15%	13%	13%	10%	333%	10%	8%	44%	20%
Average ticket	25 €	25 €	25 €	25 €	25 €	25 €	27 €	27 €	27 €	29 €
Revenues	5.085	4.599	5.174	5.820	6.402	21.996	15.212	16.353	31.566	40.685
Total Revenues	167.235 €	113.017 €	124.941 €	135.711 €	146.677 €	520.347 €	322.356 €	340.511 €	662.867 €	759.178 €

Gross Margin – Accounts for ~90% computed as aforementioned. Follows the ratio in the first year;

Rent – 1.000€ per month. Due to the low number of office employees, only in the last year there is an upgrade on the facilities yielding a rent of 1.500€;

Office expenses – 10% of the rent costs;

Legal & Account – Around 800€ per month.

CRM Costs and Other Costs – 0,5% of revenues. Following ChefsClub costs;

Marketing – 10.000€ per month until the end of year 3. In the 4th year, it is assumed 7.500€ per month due to a higher market penetration of the brand;

Capex – Assumed a monthly investment of 1.000€ in order to perform website updates/maintenances;

NWC – Assumed 6% of sales. Based on ChefsClub performance;

Commercial Costs – Projections include the geographic expansion strategy and its inherent costs:

Commision	Year 2				Year 2	Year 3		Year 3	Year 4
	Q1	Q2	Q3	Q4		S1	S2		
Total Cards Sold (B2C + B2B)	2.133	2.359	2.564	2.772	9.828	5.995	6.333	12.327	13.878
Per region:									
Lisboa	2.026	2.123	2.179	2.218	8.546	4.496	4.116	8.612	6.939
%	95%	90%	85%	80%	87%	75%	65%	70%	50%
North	107	177	256	277	817	599	792	1.391	2.082
%	5%	8%	10%	10%	8%	10%	13%	11%	15%
Others	-	59	128	277	464	899	1.425	2.324	4.857
%	-	3%	5%	10%	5%	15%	23%	19%	35%
Commision per card sold	5 €	5 €	5 €	5 €	5 €	4 €	4 €	4 €	3 €
Total Commision Cards Sold	533 €	1.179 €	1.923 €	2.772 €	6.407 €	5.995 €	8.866 €	14.860 €	20.818 €
Number of new restaurants excluding Lisbon	30	30	25	25	110	40	40	80	60
Commision per new restaurant	50 €	50 €	50 €	50 €	50 €	50 €	50 €	50 €	50 €
Total Commision restaurants	1.500 €	1.500 €	1.250 €	1.250 €	5.500 €	2.000 €	2.000 €	4.000 €	3.000 €
Total Commercial Costs	2.033 €	2.679 €	3.173 €	4.022 €	11.907 €	7.995 €	10.866 €	18.860 €	23.818 €

Salaries - Salaries were computed by following reasoning:

Salaries	Year 2				Year 2	Year 3		Year 3	Year 4
	Q1	Q2	Q3	Q4		S1	S2		
Traders & Others	1.100	1.100	1.100	1.100	39.600	1.100	1.100	52.800	52.800
#	3	3	3	3	-	4	4	-	4
Administrative	1.500	1.500	1.500	1.500	54.000	1.500	1.500	72.000	72.000
#	3	3	3	3	-	4	4	-	4
Marketing	1.300	1.300	1.300	1.300	15.600	1.300	1.300	15.600	15.600
#	1	1	1	1	-	1	1	-	1
IT	1.500	1.500	1.500	1.500	18.000	1.500	1.500	18.000	18.000
#	1	1	1	1	-	1	1	-	1
Interns	500	500	500	500	12.000	500	500	18.000	18.000
#	2	2	2	2	-	3	3	-	3
Total Salaries	34.800 €	34.800 €	34.800 €	34.800 €	139.200 €	88.200 €	88.200 €	176.400 €	176.400 €

Key Value Drivers

Revenues drivers

The sales of RESTCARD are driven by the following formula: Number of cards sold per day × Average card price. As the company has three different revenues streams, the same formula can be used for them yielding an outcome displayed below:

Per day	Year 1												Year 2				Year 3		Year 4
	M1	M2	M3	M4	M5	M6	M7	M8	M9	M10	M11	M12	Q1	Q2	Q3	Q4	S1	S2	Y4
B2C																			
Number of Cards Sold per day	1	1	2	3	4	6	8	10	12	14	15	16	18	20	21	23	25	26	28
Average ticket	44 €	44 €	44 €	44 €	44 €	49 €	49 €	49 €	54 €	54 €	54 €	54 €	54 €	54 €	54 €	54 €	54 €	54 €	54 €
B2B																			
Number of Cards Sold per day	-	-	-	0	1	1	1	2	2	3	4	5	6	6	7	8	9	9	10
Average ticket	33 €	33 €	33 €	33 €	33 €	37 €	37 €	37 €	41 €	41 €	41 €	41 €	41 €	41 €	41 €	41 €	43 €	43 €	46 €
Tourists																			
Number of Cards Sold per day	-	-	-	-	-	0	1	1	1	1	1	2	2	2	3	3	3	3	4
Average ticket	25 €	25 €	25 €	25 €	25 €	25 €	25 €	25 €	25 €	25 €	25 €	25 €	25 €	25 €	25 €	25 €	27 €	27 €	29 €
BEP per day	1,6	2,3	3,4	5,5	8,3	14,2	16,0	16,2	14,8	14,9	15,1	15,2	17,9	18,2	18,4	18,6	19,4	19,5	19,9

Churn rate

Even though the churn rate was not computed in the financial projections due to the absence of solid assumptions that would give a trustworthy ratio, the company is aware of its utmost importance. An unsatisfied churn rate would allow RESTCARD to realize that the market is not responding accordingly to the assumptions and as response the company could change the strategy implemented. Moreover, in an extreme decision, it could lead the company to cease operations earlier than what would be expectable hence saving capital and unnecessary endeavors. In this

sense, the churn rate is extremely important and will be tracked with real data since the first day of activity.

Number of restaurants and others

The value proposal which RESTCARD intends to offer in its business model is directly linked with the number of restaurants offering the service. Therefore, having a widespread portfolio of restaurants in what concerns not only the number of restaurants but also the variety of cuisines and the quality of them is a premise which should never be forgotten throughout the project.

To this light, RESTCARD will continuously seek new partnerships during the longevity of the project, spending significant resources in order to obtain a satisfactory ratio of active membership cards / number of restaurants.

Below it is possible to find the projections of the ratio active members / number of restaurants and other important metrics:

Crucial metrics	Year 1												Year 2				Year 3		Year 4
	M1	M2	M3	M4	M5	M6	M7	M8	M9	M10	M11	M12	Q1	Q2	Q3	Q4	S1	S2	Y4
Market penetration	41.308	41.308	41.308	41.308	41.308	41.308	41.308	41.308	41.308	41.308	41.308	41.308	105.831	105.831	105.831	105.831	105.831	105.831	105.831
Total Cards Sold per period	20	30	48	87	136	200	269	353	430	502	566	640	2.133	2.359	2.564	2.772	5.995	6.333	13.878
Market explored ⁽¹⁾	20	50	98	185	320	520	769	1.092	1.474	1.889	2.319	2.759	3.840	4.492	4.923	5.336	5.995	6.333	6.939
As %	0,05%	0,12%	0,24%	0,45%	0,78%	1,26%	1,86%	2,64%	3,57%	4,57%	5,61%	6,68%	3,63%	4,24%	4,65%	5,04%	5,66%	5,98%	6,56%
Number of restaurants	50	55	60	65	70	75	80	85	90	95	100	105	145	185	220	255	310	365	425
Ratio active members / nº restaurants ⁽²⁾	0	1	2	3	5	7	10	13	16	20	23	26	26	24	22	21	19	17	16
Total Cards Sold per day	0,7	1,0	1,6	2,9	4,5	6,7	9,0	11,8	14,3	16,7	18,9	21,3	23,7	26,2	28,5	30,8	33,3	35,2	38,0
BEP per day	1,6	2,3	3,4	5,5	8,3	14,2	16,0	16,2	14,8	14,9	15,1	15,2	17,9	18,2	18,4	18,6	19,4	19,5	19,9

⁽¹⁾ Active members. Assuming that only the 6 month membership card is purchased.

⁽²⁾ The plastic cards are not being taken into account.

Other key value drivers that will be continuously assessed and tracked are:

Cost per new customer – How much it costs to attract a new customer;

Validations per user – How many validations are being made per month by user;

Restaurants turnover rate – What is the turnover rate by the restaurants affiliated on a monthly basis.